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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/24/08

SPONSOR Salazar LAST UPDATED \_\_\_\_\_ HB 341

SHORT TITLE HSD Intermediate Care Cost-of-Living Increase SB \_\_\_\_\_

ANALYST Weber

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$217.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
	\$530.0	\$530.0	Recurring	Federal Medicaid match

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health

Human Services Department

### SUMMARY

#### Synopsis of Bill

House Bill 341 appropriates \$217 thousand from the general fund to the Human Services Department for a cost-of-living increase for staff at intermediate care facilities for the mentally retarded to improve staff recruitment and retention and to meet increased costs of employee benefits and rising programmatic and operations costs to maintain quality services to recipients.

### FISCAL IMPLICATIONS

The appropriation of \$217 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

**SIGNIFICANT ISSUES**

HSD notes that SFY09 is a “rebasement year” for ICF-MRs, which means that their rates will be adjusted according to their costs and other factors. These rates will be effective September 1, 2008. The estimated increase for the rebasing is an average of approximately 12 - 13%. In addition, Medicaid providers received rate increases for fiscal years 2007 and 2008. ICF-MR providers received increases in both of those years, although less than the three percent the \$217 thousand included in the bill will allow.

DOH adds that the agency’s Los Lunas Community Programs operates a four bed ICF-MR at full capacity. ICFs-MR serve individuals with mental retardation and other related conditions. Most have other disabilities as well. Many of the individuals are non-ambulatory, have seizure disorders, behavior problems, mental illness, visual or hearing impairments, or a combination of the above. Costs are high due to the multiple complexities of staffing, medical, clinical, transportation, residential and service coordination issues.

Additional funds would improve staff recruitment and staff retention, resulting in a more qualified, stable workforce. For the well being of the individuals served, it is imperative that a qualified, stable and consistent workforce be maintained. Quality, consistent staffing deescalates and reduces behavioral, clinical psychological and medical issues with individuals. This provides a better quality of life and transition to the community via employment and self worth. This stability in the provision of care and services is critical to an individual’s ability to become as independent as possible and live the highest quality of life attainable.

**MW/bb**